

SENATE BILL 742

By Cohen

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 34, to authorize municipalities and electric utility systems that they own or control to acquire electrical power by contract or arrangement from the Tennessee Valley Authority or similar government agencies, whether on a current or long term prepaid purchase basis; and to vest municipalities and electric utility systems that they own or control with all powers necessary to enable them to accomplish such purposes, including the power to issue bonds and notes to finance the acquisition of electrical power authorized in this act and the power to pledge such contract rights and revenues and receipts derived from such municipalities' public works to secure the payment of principal, interest and premiums of such bonds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-34-102, is amended by deleting subdivision (3) and substituting the following:

(5) "Public works" means any one (1) or combination of two (2) or more of the following: water, sewerage, gas or electric, heat, light or power works, plants and systems or parking facilities, together with all parts thereof and appurtenances thereto including, but not limited to, supply and distribution systems, electrical power purchased from the Tennessee Valley authority or similar governmental agencies, on a current or long-term purchase basis, reservoirs, dams, sewage treatment and disposal works and generating plants.

SECTION 2. Tennessee Code Annotated, Section 7-34-104(a), is amended by adding a new subdivision (9) as follows:

(9) Issue its bonds pursuant to this chapter to finance in whole or in part the cost of the acquisition of electrical power purchased from the Tennessee Valley authority or similar government agencies on a current or long-term prepaid purchase basis and pledge to the punctual payment of any such bonds and interest thereon its rights in such contracts and an amount of the revenues of its public works (including improvements, betterments, or extensions thereto thereafter constructed or acquired) or of any part of such public works, sufficient to pay the bonds and interest as the same shall become due and create and maintain reasonable reserves therefor. Such amount shall consist of all or any part or portion of such revenue; the governing body of the municipality in determining the cost of the acquisition of electrical power under this subsection may include all costs and estimated costs of the issuance of the bonds, all engineering, inspection, fiscal and legal expenses.

SECTION 3. The powers and authority conferred by this act shall be in addition and supplemental to, and the limitation imposed by this act shall not affect the powers conferred by any other general, special or local law or by any private act.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.